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SUBJECT: SCALE OF ASSESSMENTS: EUROPEAN UNION POSITION ON
CEILING FINALLY CLARIFIED

Classified By: Amb. Mark Wallace
Reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: On December 8, Ambassador Wallace met with European Union representatives Ambassador Karen Pierce of the United Kingdom, German Deputy Permanent Representative (DPR) Michael von Ungern-Sternberg, and French DPR Jean-Pierre Lacroix to discuss the way forward on the scale of assessments. Wallace began by pointedly asking the EU to finally clarify its position on the scale. After nearly one hour, the EU reps told Wallace that they were fully aware the U.S. congress would never raise the ceiling, so the EU went on the offensive, beating up the U.S. during formal and informal consultations to eventually win its support for the EU six-year base period proposal. Wallace emphasized that after weeks of bashing by the EU on the ceiling and their refusal to negotiate, the U.S. was entrenched in its position on the base period -- particularly since by the Government of Japan and the Group of 77 and China supported a lower base period. Wallace noted there was no support from other Committee members for the EU base period proposal. The EU reps asked Wallace if the U.S. would be willing to concur with their base period proposal in exchange for EU public support for the 22 percent ceiling. The EU reps said they want to create a united front with the EU, U.S., and Japan, to push back on the G77 on the base period and ceiling issues, as well as to possibly get China to contribute more to the Organization. Participants agreed to undertake several action items (paragraph 9) for building consensus on the scale.

¶2. (C) SUMMARY CONTINUED: Later, Ambassador Wallace met one-on-one with Japanese Ambassador Shinyo to confirm Japan's support for the 22 percent ceiling. Afterwards, the two sat down for a meeting with EU Presidency Ambassador Gronberg and German DPR Von Ungern-Sternberg to seek compromises on the scale. All sides agreed the most important issue was having a unified front on the base period. Wallace mediated between the EU and Japan, ensuring they were on track on this issue, as the two sides tended to slide into their respective talking points. Japan agreed to shift from a three to 4.5-year base period, with the EU coming down from six to five-years. Per Wallace's direction, the EU and Japan agreed to negotiate further over the weekend and before the December 11th informal session (septel). END SUMMARY.

European Union Position Clarified

¶3. (SBU) On December 8, Ambassador Wallace met with European Union representatives Ambassador Karen Pierce of the United Kingdom, German Deputy Permanent Representative (DPR) Michael von Ungern-Sternberg, and French DPR Jean-Pierre Lacroix. Thomas Thomma of Germany, Aline Pyeronnet of France, Wasim Mir of the UK, and USUN reporting officer were also in attendance.

¶4. (C) Ambassador Wallace began by asking the EU for its exact position on the ceiling. Wallace noted that over the past few formal and informal sessions, EU Presidency Ambassador Gronberg (of Finland) had been supportive of an increased ceiling of 25 percent and thereby emboldening the G77. The EU reps equivocated for close to one hour before finally relenting to clarify their stance. Thomas Thomma of Germany said that the EU position to date has been to "rough up" the U.S. during Fifth Committee formal and informal sessions to pressure it to accept the EU six-year base period proposal.

¶5. (C) United Kingdom rep Pierce said the EU knew very well the U.S. congress would never agree to raise the ceiling, but that perhaps compromise could be found to allow for a base period that directly benefited EU states. Von Ungern-Sternberg of Germany said the bottom line was that the EU was "paying too much," wanted to "pay less," and could do so with a six-year base period. Pierce continued that to appease their respective governments and constituencies back home, a bit of posturing was done during the Fifth Committee consultations to give the appearance, at least, that the EU missions were working on the issue. While they preferred that the U.S. pay more, the reality was that such a prospect was not going to happen, so she asked Wallace if compromise could be reached.

¶6. (C) Pierce said with U.S. concurrence on the base period, the EU would commit -- publicly, if necessary -- to the 22 ceiling. With a compromise in place, Pierce said the EU and U.S. could move forward by bringing Japan into the fold (with U.S. intervention) to also get its support on the EU base period proposal. Then, with a united front, the U.S., EU, and Japan could pressure the G77 to accept the 22 percent ceiling, the six-year base period, and work on getting China

to agree to pay more overall. Pierce noted that working on China would not only help the EU share of the assessment go down, but also help bring Japan to the table. The EU knew very well how important the issue of China was to the Japanese government, she said.

¶7. (C) Wallace noted that when the process began -- and throughout this negotiation -- he was willing to compromise, had even set the stage for negotiations with Japan three months ago, but that the EU had repeatedly turned him down. He also noted the EU base period proposal did not have support from any side in the Fifth Committee. Pierce admitted the EU should have joined such meetings before. She said the EU was not happy with Gronberg or the way the negotiations were progressing, but were hopeful a compromise could be in place before the end of the session. She said the EU was "under no illusions" the ceiling could be changed, but that a united WEOG with Japan could push back on and perhaps splinter the G77.

¶8. (C) Wallace said he had asked the EU reps for fairness, but that so far the EU had not obliged. He noted he had even been advancing the EU proposal of the stepped gradient, for example, which the EU asked him to do, even though this proposal did not directly benefit the U.S. The U.S. was fulfilling its end of the bargain, but the EU had not; Gronberg was not even arguing for the stepped gradient during the formal and informal consultations, Wallace noted. Wallace told the EU reps that after the last informal consultation on December 6th, he personally asked Gronberg if the EU was willing to sit down with Japan to discuss the base period. Gronberg replied that the EU believed the six-year base period could not be compromised. Wallace said he needed something to be taken in good faith so that during the informal consultation on December 11, the U.S. would not get beat up by the EU on the ceiling. Pierce and Von Ungern-Sternberg said they would ask Gronberg to back down on the issue during future consultations.

Action Items

¶19. (SBU) At conclusion of the meeting, all sides agreed to move forward on creating a united strategy for the scale on behalf of western and developed states. The following action items are to be completed over the next few days: 1) The UK will assemble Fifth Committee experts to discuss common strategies/tactics; 2) Germany will take the lead to consider EU representation in a possible EU/U.S./Japan meeting; 3) the U.S. agreed to organize a subsequent EU/U.S./Japan meeting; 4) France will speak to the Fifth Committee chair to pursue group discussion outside the Committee; and 5) France will organize a parallel EU-3 (France, Germany, UK) and U.S. meetings with China.

Japanese Delegation Meeting

¶10. (C) In a pre-meeting before the U.S. and Japan were to speak with the EU, Ambassador Wallace and Japanese Ambassador Shinyo discussed each country's respective positions on the scale. Wallace reviewed his morning meeting with the EU for Shinyo, noting that the EU base period proposal made up a marginal difference in percentage points between the six and three year base periods. Wallace asked for Japanese clarification on their support for the U.S. 22 percent ceiling, in exchange for U.S. mediation between the EU and Japan on the base period. Wallace asked Shinyo how his government would be willing to bend on the base period, to which Shinyo replied Japan would go no further than 4.5 years.

U.S. Mediation between the EU and Japan

¶11. (C) Shortly after the bilateral meeting between Ambassadors Wallace and Shinyo, the two sat down with EU Presidency Ambassador Gronberg of Finland and German DPR Von Ungern-Sternberg of Germany. Wallace mediated between the two sides, asking both Japan and the EU to seek compromise or face repeated attacks from the G77 and China during Committee consultations. All sides agreed that the main issue separating their missions was the base period. Once that issue was solved, all others -- including the stepped gradient and ceiling -- could be easily addressed. Shinyo made Japan's case, arguing that his country would move from a three to 4.5-year base period for the sake of compromise, but the EU would have to meet them at 4.5 years. Gronberg and Von Ungern-Sternberg replied that the EU was paying too much, and for political reasons could only accept no less than a

flat five-year base period. Certain elements within the EU (France and the UK) were pushing the longer base period, they said, and there was little flexibility within the EU. And on principle, Japan was receiving a larger discount over the next scale than the EU, which was not fair, said Von Ungern-Sternberg.

¶12. (C) Shinyo countered that such an argument was unfair in itself, especially since the EU benefited more from the Organization by the number of votes it has in the Assembly, and seats on the Security Council. Wallace interjected, moving the two sides back on track, imploring the EU and Japanese representatives to work out ways to find a solution, whether by consulting their capitals and/or by exploring possibilities among each mission's experts. Gronberg tried suggesting that there were elements within the G77 that were amenable to the six-year base period, and that the EU could push the issue during the next informal informal consultations on December 11. Wallace rejected this argument, noting that in his discussions with China and Russia alone, which were two of the largest G77 allies, they were clearly against anything more than the current base period of six and three years. To assume anything more was

nonsense, he said.

¶13. (C) Wallace reminded the EU and Japanese representatives that much progress had been made just in the past week. He recommended that all sides meet either over the weekend or before Monday's informal informal consultations to reach a compromise. The last thing any of them needed was to continue by being fractured on such important issues.

Gronberg, Von Ungern-Sternberg, and Shinyo all agreed to get back to Wallace on when they could again discuss the issue. In the meantime, it was agreed that each missions' experts would caucus to seek additional ways to compromise on the base period.

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